



## BBFA - CONFLICT OF INTEREST

### ARTICLE I Purpose

The purpose of this policy is to protect the interest of Seacoast Classical Academy Chartered Public School (“Corporation”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

### ARTICLE II Definitions

Section 1. Interested Person. Any Trustee or Officer of the Corporation, or Executive Director, or any person serving on a committee (“Committee”) with powers delegated by the Corporation’s governing body (“Board”), who has a direct or indirect financial interest, as defined below, is an interested person (“Interested Person”).

Section 2. Financial Interest. A person has a Financial Interest (“Financial Interest”) if the person has, directly or indirectly, through business, investment, or family:

- A. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement,
- B. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
- C. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that aren’t insubstantial. A Financial Interest isn’t necessarily a conflict of interest. Under Article III, Section 2, a person who has a Financial Interest may have a conflict of interest only if the Board or appropriate Committee decides that a conflict of interest exists.

### ARTICLE III Procedures

Section 1. Duty to Disclose. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the Financial Interest and all material facts to the Board or to the Committee considering the proposed transaction or arrangement.

Section 2. Determining Whether a Conflict of Interest Exists. After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, the Interested Person shall leave the Board or Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Committee members shall decide if a conflict of interest exists.

Section 3. Procedures for Addressing the Conflict of Interest.

1. An Interested Person may make a presentation at the Board or Committee meeting, but after the presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
2. The chairperson of the Board or Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence, the Board or Committee shall determine whether the Corporation can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
4. If a more advantageous transaction or arrangement isn't reasonably possible under circumstances not producing a conflict of interest, the Board or Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

Section 4. Violations of the Conflict of Interest Policy. If the Board or a Committee has reasonable cause to believe a person has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose. If, after hearing the person's response and after making further investigation as warranted by the circumstances, the Board or Committee determines the person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## **ARTICLE IV**

### **Records of Proceedings**

The minutes of meetings of the Board and all Committees shall contain:

1. The name(s) of the person(s) who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible conflict of interest.
2. The nature of the Financial Interest.

3. Any action taken to determine whether a conflict of interest was present.
4. The Board's or Committee's decision as to whether a conflict of interest in fact existed.
5. The names of the persons who were present for discussions and votes relating to the transaction or arrangement.
6. The content of the discussions, including any alternatives to the proposed transaction or arrangement.
7. A record of any votes taken in connection with the proceedings.

## **ARTICLE V Compensation**

Section 1. Board Members. A voting member of the Board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

Section 2. Committee Members. A voting member of any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

Section 3. Information Regarding Compensation. No voting member of the Board or any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to the Board or to any Committee regarding compensation.

## **ARTICLE VI Annual Statements**

Each director, officer, and person serving on a Committee shall annually sign a statement which affirms such person:

1. Has received a copy of the conflict of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

## **ARTICLE VII Periodic Reviews**

To ensure the Corporation operates in a manner consistent with charitable purposes, and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and don't result in inurement, impermissible private benefit, or in an excess benefit transaction.

## **ARTICLE VIII**

### **Use of Outside Experts**

When conducting the periodic reviews, as provided for in Article VII, the Corporation may, but need not, use outside experts. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

## **ARTICLE IX**

### **Compliance with New Hampshire Law**

The Corporation shall adopt, implement, enforce and regularly review Policies and Procedures governing conflicts of interest and pecuniary benefits transactions. The Policy and Procedures shall, at a minimum, meet the requirements of New Hampshire law as then in effect, and comply with Guidelines established by the Office of the NH Attorney General, Charitable Trusts Unit. Each Trustee, Officer, or Committee member shall have an affirmative duty to disclose to the Corporation each transaction with the Corporation that would be a Pecuniary Benefit Transaction (as defined by New Hampshire RSA 7:19-a) as to that Officer, Trustee, or Committee member, and shall be prohibited from participating in the discussion or voting on the transaction. The Corporation shall enter into Pecuniary Benefit Transactions only in accordance with the applicable provisions of RSA 7:19-a, as they may exist from time to time.

Transactions that provide a direct or indirect pecuniary benefit (including salaries and wages) to any Officer or Trustee of the Corporation or any member of his or her immediate family; his or her employer; or, any person or organization of which he or she is a Proprietor, Partner, Officer, Director, or Trustee, are prohibited unless they (1) satisfy RSA 7:19-a; (2) are in the Corporation's best interest; and (3) all of the following conditions are met:

- (a) The transaction is made in the ordinary course of the Corporation's business or operation and the transaction is fair to the Corporation. Any transaction with any one Officer or Trustee that exceeds \$500.00 must be approved by the greater of a quorum of the Board of Trustees, or 2/3 of the members of the Board of Trustees who have not had a pecuniary benefit transaction with the Corporation during the fiscal year.

- (b) The Corporation shall list in its records each transaction with any one Officer, or Trustee which exceeds \$500.00 in any one fiscal year and report them to the NH Director of Charitable Trusts annually as part of its annual report required under RSA 7:28, including the names of those benefiting from each transaction and the amount of the benefit. This list shall be available for inspection by Officers or Trustees and all contributors;
- (c) The Corporation shall publish a notice of any transactions with any one Officer or Trustee which alone or in the aggregate exceeds \$5,000.00 in any one fiscal year, in the newspaper of general circulation in the town in which the Corporation is located, and give a copy of the notice to the NH Director of Charitable Trusts before the transaction takes place. The name of the Officer, or Trustee, the amount of the transaction and any other information required by RSA 7:19-a II (d) must be stated in the notice;
- (d) The Corporation shall receive the prior approval and requisite finding of the Probate Court as to any transactions involving the sale, lease for a term of greater than 5 years, purchase or conveyance of any interest in real estate to or from any Officer or Trustee; and,
- (e) The transaction does not involve a loan of money or property to an Officer or Trustee (which shall be strictly prohibited).

References:

- NH RSA 7:19-A

Date of First Adoption: 9 December 2023

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